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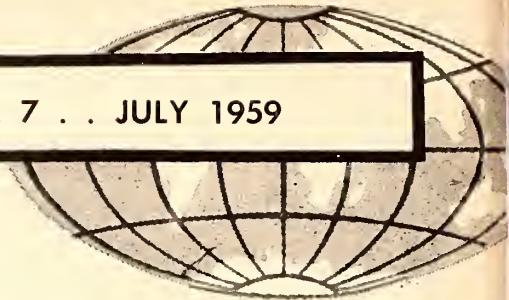
Depressed World Prices Cause Adjustment
Egypt's Agriculture Seven Years Later
Communist China's Cotton Textile Trade



UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

VOL. XXIII . . No. 7 . . JULY 1959



To report and interpret world
agricultural developments.

Fourth of July in Denmark

On July 4, Secretary of Agriculture Ezra Taft Benson spoke in Denmark at an event commemorating early migrations of Danish people to the United States. The Secretary paid honor to those who helped build America, then spoke of the pioneering challenges of today. We believe these excerpts to be especially timely:

"The important dates of history, whether those of the United States, of Denmark, or of the many other nations of the free world, are those concerning the struggle for, and the winning of, freedom and peace.

"Freedom is a precious thing . . . But simply to desire freedom is not enough. It must be won. And having been won, freedom must constantly be protected, and rewon if necessary. It can be wrested away—or it can erode away . . .

"We must continue, as individuals, to keep well informed, to think straight, and to give wise counsel to our leaders of government—for in our free systems it is what we as individuals believe that will determine the courses of our governments . . .

"Our great and new challenge is to maintain and expand that state of freedom in which man best can grow—a state of freedom in which man is the master of his own destiny, and in which government is his servant.

". . . The new pioneering is difficult. It calls for the utmost self-discipline. It demands that we seek wisdom, act with integrity, and accept individual responsibility."

Cover Photograph

Italian restaurant owners learn about U.S. poultry products at Verona Agricultural Fair. Trade fairs have introduced U.S. poultry to thousands of new customers and helped boost sales abroad. See poultry story on page 14.

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Depressed World Prices Cause Economic Adjustment

by some of the leading
agricultural export countries

By CLARENCE M. PURVES
Director of Statistics
Foreign Agricultural Service

FALLING WORLD PRICES for several agricultural commodities important in world trade are putting severe pressure on the economies of some of the major exporting countries. Reduced earnings of foreign exchange from farm exports and deteriorating balance of payment positions have forced several countries to restrict imports and slow down their development programs. In a few cases, rising budget deficits have renewed inflation problems.

World agricultural prices have been trending downward since the Korean crisis in 1950-51, but the decline since early 1957 has been particularly marked. Producers' prices for coffee, long staple cotton, wool, and sugar have declined anywhere from 30 percent to more than 50 percent, and more moderate drops have occurred in the price of upland cotton, rubber, soybeans, palm oil, and jute. In mid-1958, stabilized economic conditions in the major importing countries halted the price decline of several products, at least temporarily, and in the early months of this year prices for a few commodities made a significant recovery from their low levels.

Rapidly expanding production has been the principal cause for the falling-off of prices of several commodities. For example, favorable *coffee* production years following a marked expansion in plantings have resulted in crops considerably in excess of normal consumption. Large stocks have accumulated, and prices to growers have declined nearly 50 percent, despite agreements among the major coffee producers to withhold a portion of their supplies from the export market. Since coffee is one of the foremost farm products in world trade and the major export of several Latin American and African countries, this decline in coffee prices has meant a serious economic setback for these countries.

The drop in prices for foreign *long staple cotton* has been even more severe, and it too has been accompanied by a rapid expansion in production. This sharp rise in production combined with slackening textile activity has resulted in a large buildup of carryover stocks, a major factor in price declines. Also, long staple cotton has met with serious competition from man-made fibers and even from the higher grades of upland. New testing techniques

now permit the substitution of these medium lengths in textiles formerly made entirely from long staple.

In early 1959, prices of some foreign growths of long staple cotton were 40 cents to 50 cents a pound below what they were 2 years ago, and in certain cases were even lower than the prices for high-quality U.S. upland.

By early 1959, prices of short staple cotton had also declined substantially. In February, the U.S. Department of Agriculture announced that the price of U.S. cotton for export after August 1, 1959, would be kept in competitive position on world markets. As a result, the surplus-producing countries abroad, faced with the possibility of a big carryover, attempted to dispose of current and new crop supplies by price reductions, special discounts, trade agreements, and other means.

The 40-to-50 percent decline in *wool* prices between May 1957 and January 1959 has been laid to expanding production, less textile manufacturing, and the substitution of man-made fibers for wool. Wool stocks increased in 1958; however, world wool stocks are not unduly large in relation to normal consumption levels. Early in 1959, some price firmness was reported and sales increased.

Only about one-eighth of the world trade in *sugar* takes place outside trade agreements in which price agreements have either been negotiated or implied. For this eighth that moves in free markets there has been a definite weakening of prices since mid-1957. After declining sharply from the relatively high levels of 1957, sugar prices for several months in 1958 stabilized at about 1956 levels; then, during the first quarter of 1959, they declined further, and in early April the raw-sugar price, f.a.s. Cuban ports, reached about \$2.80 a hundredweight, where it has remained. This is the lowest sugar price since the war and is substantially under the \$3.25 level, below which the International Sugar Council is supposed to make cuts in the effective quotas of export members.

Important factors in this decline are the big increase in 1958 production, particularly in the sugar-beet-producing countries of Western Europe and South America, and the 1959 outlook for continued high production. The apparent

(Continued on page 16)



Courtesy United Arab Republic



Courtesy United Arab Republic

Above, preparing new land for cultivation. Left, fellahs in Nile Valley stop harvesting beans to pose for picture. Population now totals 3.9 persons per arable acre.

Egypt's Agriculture Seven Years Later



By Frank Ehman

U.S. wheat being unloaded in harbor of Alexandria. Egypt grows big wheat crop but must import large quantities.

ON JULY 23, 1952, a new revolutionary government took over in Egypt. That was 7 years ago, time enough for reform programs to take root and grow. It is not surprising therefore to have people inquire how these programs are getting on, to what extent they are bearing fruit, or, to put it another way, how the status of the fellah today compares to that of 1952.

Obviously, answers to such questions are not easy nor can they be very precise. Part of the reason is that the first 7 years under a new regime are in some ways comparable to that momentary time-lag when a missile is getting off the ground. It takes some doing to get under way before a reliable "flight pattern" or trend can be discerned. Nonetheless, the 1952-59 record is there to see.

Visitors to Egypt are impressed, first of all, with the teeming masses of people concentrated in the long and narrow Nile Valley. Here about 24 million people are living on 6 million acres of land. This population density of 4 persons per acre is one of the highest in the world. What's more, the population is increasing at the rate of about 2.5 percent annually.

Development of land resources is moving at nowhere near this pace. At the turn of the century, Egypt possessed slightly over 5 million acres of arable land for an average of nearly 2 persons per acre. At the time of the revolution in 1952, the area had increased to 5,856,000 acres, but the population had grown to an average of 3.7 persons per acre. By 1956, it was 6,005,000 acres, with 3.9 persons.

This population-land ratio is Egypt's greatest challenge today. But developing new farm land in a country which is 97 percent desert is most difficult indeed. Such progress as is being made is slow, and major additions represent distant hopes. Even when they have been realized, population will have canceled them out.

Fortunately, climatic advantages permit double or even triple cropping. In 1956, the average acre was cropped 1.7 times, as against 1.48 times in 1951. This trend, plus the small annual increase in acres cultivated, has kept the ratio at 1 cropped acre to 2.3 people since 1951.

So far, crop production increases on a per capita basis have been very

minor. Take, for example, the cereals which are Egypt's main foods—wheat, corn, milled rice, millet, and barley. In 1957, these crops together totaled 209 kilograms per person. Prewar (1935-39) production averaged 252 kilograms, and during the 6-year (1952-57) period, 205 kilograms.

Generally fertile river soil, nearly perfect climate, and controlled irrigation combine to give Egypt good crop yields. Compared to other countries in the Near East, they are excellent. Compared to the United States, Egypt's yields in cotton and rice are about the same, in wheat, much higher, but in corn, much lower. Aside from rice, there have been no noticeable increases in per acre yields of Egypt's principal crops in the past 7 years.

A look at two of the country's principal crops—wheat and cotton—will provide a clue to trends.

FOR COTTON:	Acreage Feddans ¹	Production M. tons	Yield Tons per feddan
Average:			
1935-39	1,754,338	413,447	0.24
Annual:			
1952	1,966,955	445,710	.23
1953	1,324,304	317,442	.24
1954	1,579,427	345,289	.22
1955	1,815,697	334,086	.19
1956	1,657,635	324,780	.20
1957	1,819,295	405,225	.22

¹ One feddan = 1.038 acres.

Below, the ancient water shadowf, or balanced dipper, still supplies much of Egypt's irrigation. Right, sowing cotton. Egypt has good soil and climate but few farm machines.



supplying the average Egyptian citizen with a slightly improved caloric intake. While figures for 1957 are not available, Ministry of Agriculture officials state that in 1956, it was 2,590 calories per person. Prewar, the figure was 2,450 calories; during 1951-53, it was 2,400.

Farm Income Doubled

Statistical information also shows that economically the agricultural segment of the country is faring much better than in 1952. According to recent Ministry of Agriculture releases, agricultural income between 1952 and 1956 increased twice as fast as the country's total economy. Moreover, the gross agricultural income in 1956-57 was 26.4 percent greater than it was in 1952-53; and during this same period, the agricultural portion of the total national income moved up from 33.7 percent to 41.1 percent. It should be noted that this reported total agricultural income is credited to only 9 million (producers or farmers) out of the 16 million rural people, the remaining approximately 7 million being largely unemployed or engaged in rural services.

What does the foregoing mean to Egypt's farmer or fellah? Supposedly

(Continued on page 18)

Courtesy United Arab Republic



Communist China Expands Its Cotton Textile Exports —and world markets feel the impact

By BERNICE M. HORNBECK
Cotton Division, Foreign Agricultural Service



Photos courtesy ICA



Textile workers in Indonesia (above) and Japan (above right). Japan's share of Indonesia's reduced textile imports is decreasing, Red China's increasing.



Courtesy Port of New Orleans.
U.S. cotton boards ship at New Orleans.
Some textile-exporting countries that buy it are losing markets to Red China.

COMMUNIST CHINA is engaged in an all-out trade drive, in which cotton textiles figure prominently. This drive has had a considerable impact on the world's textile markets. Last year Communist China's exports of cotton fabric alone are believed to have totaled 450 million yards. And the possibility exists that, should the Chinese Communist Government so choose, it could enlarge its exports of raw cotton as well.

To the United States, the Communist Chinese textile drive has important implications: First, for its own cotton textile markets; second, for its raw-cotton markets, both directly and through the effect on the textile markets of its raw-cotton customers; third, for the economic stability of many nations—especially textile importers—in Southeast Asia and elsewhere.

How did the Chinese Communists

increase their cotton textile exports so sharply? One answer is the tripling of their raw cotton production in the last decade; another, the rapid expansion of their cotton textile industry, plus strict textile rationing at home.

Raw Cotton Production

USDA estimates indicate that China's cotton production, which averaged around 3.1 million bales before World War II, had increased to 7.0 million by 1957 and to roughly 9 million by 1958.

The importance Peking attaches to cotton shows in the goals set under the "Great Leap Forward" program. The original goal for 1958, 8 million bales, was raised to 16 million. The Communists claim to have produced 15 million that year. But it seems unlikely that a major cotton-producing country could double its output in one year, from a level that had already called for great effort. The 1959 goal, even more unrealistic, is 23 million.

Cotton Textile Expansion

In 1949, China had from 4.5 million to 4.8 million spindles. Under the First Five Year Plan, which ended in

1957, the Communists worked hard to increase spindleage, and reports now are that textile machinery output is being expanded on a crash basis, with the aim of producing 7.5 million spindles in the 2 years 1958 and 1959.

A main purpose of this expansion is to meet the rising textile demands of China's 650 million people and its growing industries. Textile supplies at present are severely controlled by a purchase and sales system extending all the way back to the cotton farm.

The 1958 cotton textile output was reported as 2,664 million pounds of yarn and 6,933 million yards of cloth. The government has revised its goals for 1959: yarn 3,400 million pounds, cloth 7,900 million yards. In view of the problems the industry faces, these aims look as unrealistic as those for cotton.

A second major purpose of the textile expansion is to pay for the country's economic development. The industry is said to have provided more than 38 percent of the industrial investment funds available under the First Five Year Plan, from the sizable margin between costs—as the Communists define them—and the sales price of cotton goods. These "savings" are assured by government control of raw-cotton prices and supplies and of the sales prices of finished goods.

How the Trade Drive Works

Besides its home-front jobs—filling textile needs and helping finance industrial expansion—Communist China's cotton textile industry has two important jobs to do overseas. The barter or sale of its products helps finance the acquisition of the raw materials and machinery that Communist China needs for industrial development. It also aids in the economic and political penetration of Free World countries. In pursuit of these aims, the Communists use all the techniques available in state trading, which can operate beyond the scope of traditional economic and commercial considerations.

The extremely low prices quoted for cotton goods from Communist China probably bear little relation to cost factors as Westerners understand them. The Communists' prices at the beginning of a sales drive often range from 5 to 15 percent lower than those for

comparable goods from Japan. They may actually be below cost—even cost as determined by the Communists. Losses could undoubtedly be covered by the "savings" from domestic sales of cotton goods.

Communist Chinese offers include a unique "falling clause," in which shippers agree to receive a reduced price at delivery if the world price of comparable textiles goes down, with no increase if prices rise. Also, Communist China will barter its cotton textiles for an importing country's local products, such as raw cotton or rubber. And it offers advantageous financing and settlement terms, including long-term credits at extremely low interest.

In addition, the Chinese Communists will now produce to order instead of selling solely from stock as before. And the quality and workmanship of their fabrics are better than buyers have reason to expect for the price.

Trade Drive Hits Exporters

This Communist Chinese trade drive has had repercussions both in U.S. mills and on U.S. farms. In 1953, U.S. exports to Southeast Asia of all types of cotton manufactured goods came to \$23 million and represented 12 percent of total U.S. cotton-goods exports. By 1958, these exports reached only \$9 million and accounted for only 4 percent of the U.S. total. Most of this 71-percent loss came in Indonesia and Thailand, where the Chinese Communist drive has made significant inroads.

U.S. shipments of raw cotton have also been affected, for the requirements of some major U.S. customers have

been reduced through Red China's cotton textile competition in third markets. This is particularly true of Japan—largest single market for U.S. cotton since 1949—although, of course, Communist China's textile drive is not the sole reason for the decline in Japan's imports of raw cotton.

Japan's entire economy depends on foreign trade, and cotton goods have been most important in its trade pattern. Its total cotton fabric exports moved upward from 1952 through 1957, but fell back sharply in 1958, for several reasons among which competition from Red China ranked high. Japanese exports of cotton goods to Asia, however, showed a decided downward trend, dropping from 70 percent of total cotton cloth exports in 1952 to 55 percent in 1957 and 51 in 1958.

Since the war, the bulk of Japan's cotton textile exports to some South-



Indian cotton textile exports, like Japanese, are affected by Peking drive. Above, rubber-tired cart helps camel haul raw cotton; above right, roller gin.

east Asian countries has come to be quality goods, rather than basic commodities like sheeting, shirtings, and denim. Thus, Japanese producers feel special concern over the fact that the Chinese Communists recently began to offer goods of a quality that directly competes with some Japanese fabrics. Also the Communists have been pirating Japanese cotton fabric designs.

India too feels Communist Chinese competition, most severely for unbleached fabrics. Sharpest effect is on India's market in Malaya, though losses also occurred in other traditional Indian markets—Indonesia, Hong Kong, Thailand, and Ceylon. In the United Kingdom also, India's position deteriorated, though partly owing to competition from Hong Kong as well as Communist China.

Hong Kong is a principal supplier of cotton goods to Southeast Asia; but it is also a heavy importer. Thus it has felt the force of the Communist Chinese trade drive in two ways. Only 2 percent of its imports of cotton piece goods came from that source in 1953, but 30 percent by 1958. Since Hong Kong is a free port, it is likely that a substantial quantity of these imports moves direct into export channels without further processing.

Importers Hit Too

Indonesia, the world's largest single market for imported cotton goods, well illustrates the scope of the Communist Chinese trade effort. Before the war, Indonesia got nearly two-thirds of its cotton goods imports from Japan and practically none from China. In 1954-57, textile imports dropped somewhat; but China's percentage rose sharply while Japan's was cut nearly in half. Last year Indonesia received a 10-year loan of \$11.2 million from Peking at 2½ percent, and used it to buy rice and also 72 million yards of cotton fabrics. This loan will undoubtedly help Communist China hold its place in the reduced Indonesian market.

Malaya's textile imports from Mainland China have also been rising. So, to protect the young weaving industry of Malaya, the Government of Singapore and the Federation of Malaya put Communist Chinese textiles under specific import license in October 1958, and later that month applied other re-

strictions. Irritated by these measures, Communist China embargoed trade with Malaya and Singapore. Singapore, with no industry at stake and with a large Chinese population eager to import Chinese food from the mainland, lifted its ban in February 1959; Malaya, however, kept the embargo pending passage of antidumping legislation.

Consumers in Burma, plagued by inflation, low purchasing power, and a short supply of domestic textiles, have found Communist China's cheap cotton goods attractive. Burma's imports of these goods rose steeply in 1956 because the Communists had accumulated an "unfavorable" trade balance by heavy buying of Burmese rice—some of which they later traded for other raw materials from third markets, for instance rubber from Ceylon. In 1957 and 1958, however, Burma's imports of Communist Chinese cotton textiles took a sharp drop, mostly because of a triangular raw-cotton and cotton-textile processing arrangement with the United States under P.L. 480.

Ceylon in 1958 accepted a 4-year loan of \$10.5 million at 2½ percent from Red China. This stimulated Ceylonese interest in Chinese goods, including cotton cloth. Under the same line of credit the Chinese Communists have offered to help set up and equip a cotton spinning and weaving mill in Ceylon, to use local cotton and produce basic items.

In Cambodia too, Communist China has successfully used foreign aid to stimulate its textile exports. Under aid and grants amounting to \$22.4 million, Cambodia's cotton goods imports from Red China jumped from zero in 1956 to 25 percent of its total in 1958.

Even in Western Europe, some countries have felt the impact of Peking's trade drive. For example, cotton fabrics from Communist China gained a foothold in Britain in 1955, despite the Empire preference enjoyed by similar goods from India and Hong Kong. In 1958, however, the United Kingdom imposed quotas on various textile manufactures from Communist China, and most of these imports—except grey goods for processing and re-export—showed abrupt decreases.

The Common Market countries fear that Communist Chinese cotton grey

goods imported by any one of them for processing might later qualify, because of "value added," as goods of Common Market origin; thus they would flow duty-free into other Common Market countries. They will probably adopt an arrangement to forestall such abnormal competition.

Africa too is feeling some effects. The South African Board of Trade and Industries is worried over the possibility that the Chinese Communists might invade their markets with a wide variety of low-priced goods. Other African countries, such as the Sudan, have bilateral agreements with Red China whereby they can dispose of some of their agricultural products for cotton textiles and other goods. In French West Africa, smuggling of Communist Chinese cotton textiles has been reported; and in 1958 sales of these goods began to cut into the sales of French manufacturers to overseas territories.

Even in the Americas, Peking's export drive is beginning to make news. A newspaper in Nicaragua recently ran a glowing advertisement for "Chinese cotton textiles."

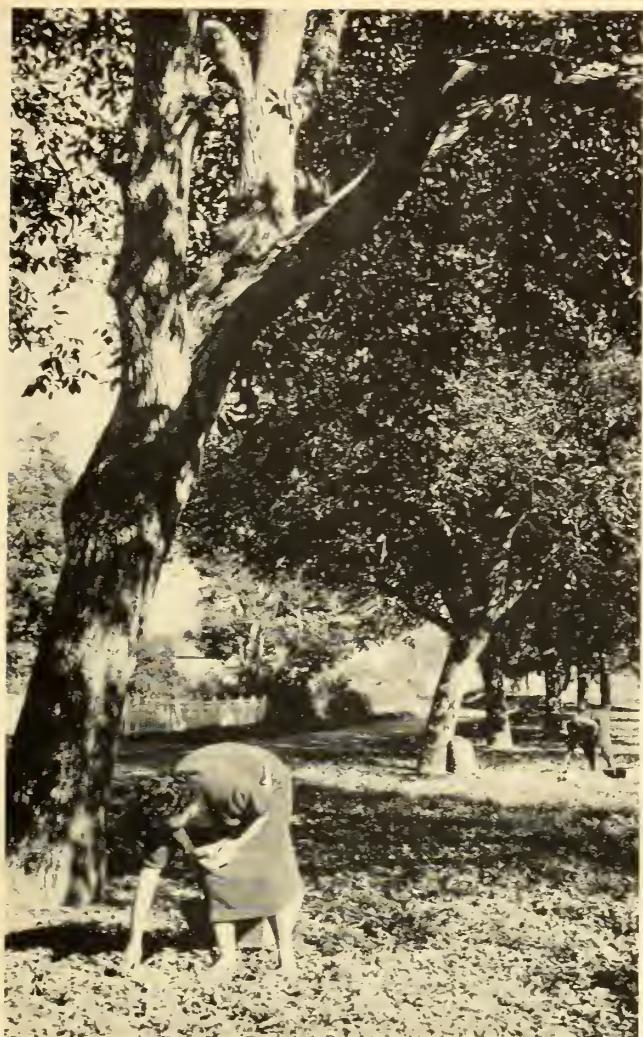
Far more substantial, however, are the inroads in Canada. For some years, its largest supplier of cotton textiles was the United States. But since 1957 Communist Chinese cotton goods have entered Canadian markets in increasing quantities, at prices about a third of American and British and about half the Japanese. The Department of National Revenue has assessed antidumping duties on these Chinese imports.

What Lies Ahead

The recent signing of the Sino-Soviet treaty indicates that Communist Chinese goods may be finding an expanded outlet in the Soviet Union. The Chinese have agreed to supply increased quantities of clothing, knitwear, and textiles, and—for the first time—raw cotton. This may reduce the pressure of these exports on Southeast Asia.

The United States and other Free World countries are concerned, however, not only over the present situation but over the competitive threat that expanded production on the Chinese mainland might represent in the

(Continued on page 23)



French farm family gathers walnuts. Walnuts are one of the Big Four of world tree nut production.

BUSINESS IN NUTS

Italy and the United States lead in tree-nut production and their industries are expanding.



Indian workers, like this woman, have the patience for the tedious task of cracking and peeling cashews.

OF THE HUNDRED or more species of edible tree nuts grown around the world, only nine are important in world trade. The remainder are eaten domestically or utilized in the manufacture of products—such as the kola nut, used to flavor beverages, or the oil palm nut, which yields edible oil.

The nine that move in world trade include both tropical and temperate zone nuts. Of these, almonds rank first in volume of commercial production, cashew nuts place second, filberts are third, and walnuts fourth. These are considered the "big four" in tree-nut production. The other five are pecans, brazil nuts, pistachios, chestnuts, and pignolias.

Commercial Areas

In the Free World, Italy is the largest commercial producer of tree nuts and has been expanding over the last

quarter of a century. This overall expansion conceals a static and possibly declining almond production. Filberts and walnuts account for the increase.

The United States is the second largest producer and, like Italy, has been expanding—only much faster. The U.S. industry is comparatively young, having gained importance since World War II. Before the war, the United States was a leading import market for tree nuts, but when the war cut off imports, the U.S. industry stepped up production. Today the United States exports nuts even though its imports have risen. The rise is mainly attributed to imports of cashews and pistachios, both of which have more than doubled and neither of which are grown in the United States. U.S. nuts move in the same markets as those produced in the Mediterranean Basin, but the United States is in and out of

the market, while the Mediterranean growers depend mostly on exports.

India, in third place on the strength of its production of processed cashew nuts, grows less than half of its supplies and imports the rest as raw nuts from East Africa. The country's processed cashew nut output has more than doubled since prewar. India has also been developing its walnut industry in the Kashmir district.

Portugal, too, has expanded its output substantially. Portugal's rise has been gradual over the last quarter of a century. France, on the other hand, has been facing exactly the opposite situation. Its tree-nut industry has declined by a third from 1935-39. Its walnut production is down sharply and its small prewar almond industry has all but vanished.

In four major producing countries—Iran, Morocco, Turkey, and Brazil—

output has remained virtually unchanged in the last quarter of a century. Iran and Morocco both grow almonds, and Iran also produces walnuts and some pistachios. Brazil's main commercial nut is the brazil nut, while Turkey's output is concentrated on filberts.

Major Tree Nuts

Although some areas have remained stable and others have fallen off, output of all the major nuts has expanded. Walnuts can grow under a wide range of climatic conditions and are produced commercially in more areas than any other tree nuts. Output, however, has declined somewhat mainly because of reduced crops in France. Before World War II France was the No. 1 walnut producer in the Free World. The United States has moved into first place since the war, and Italy is challenging France for second.

Filberts (hazelnuts), too, grow almost anywhere, but commercial quality nuts are produced only in areas where the summers are dry and moderate and the winters mild and wet—such as Oregon or the Black Sea coast of Turkey. Turkey has always been and is still the world's leading producer.

Some tree nuts are restricted to tropical climates. Brazil nuts and cashews are among these. Brazil nuts grow wild in the jungles of Brazil, but the size of the crop depends on the economic incentives and freedom from floods at the time of harvest. Commercial cashew production is confined to India and East Africa. Most of Africa's output is shipped raw to India to be processed. Processing involves enormous amounts of tedious hand labor, for no machine has yet been developed that can accomplish the difficult shelling and peeling of cashews.

More almonds are grown commercially than any other tree nuts. Italy has been the world's largest grower, except for 1 year—1956—when the United States, with a record crop, nosed into first place. In that same year the Mediterranean countries suffered disastrous frost damages. Spain generally ranks second, but in recent years has had to vie with the United States for that position. Wherever almond trees grow, their blossoms are a glorious sight and attract throngs of

tourists. Like walnuts and filberts, almonds are popular everywhere, particularly for baking and candy making.

Conversely, pecans, which are immensely popular with U.S. bakers and confectioners, have not caught on abroad. Even in Western Europe, where pastries and other confections are tremendously important, their use is very limited. The United States both grows and uses nearly all of the world's pecans.

Pistachio nuts enjoy the distinction of being one of the few crops always in short supply. U.S. importers, already taking about half the world's supply, feel they could use three times as many as they can get. Most pistachio trees grow wild. Yields are low and production is expensive. In recent years, interest in cultivation has been increasing both in the United States and abroad. But culture is a slow process.

On the whole, a similar observation can be made for the entire edible tree-nut industry. Increased output will be slow. Shortages in some areas and some types caused by climatic conditions will probably be offset by heavy crops in others. The fact that nuts of one type can sometimes be substituted for others in commercial use serves to stabilize the industry.

Khrushchev Urges Lower Collective Farm Wages

Workers on Soviet collective farms may find themselves with less money in their pay envelopes if farm managers follow the advice of Premier Nikita S. Khrushchev. Speaking at Kiev recently, Khrushchev stated that he was opposed to high wage payments by collective farms and urged that a large proportion of collective farm income be spent for communal structures, such as bakeries and schools.

Although the poverty on the collective farms has been alleviated somewhat since Stalin's death, Soviet farmers are still very poorly paid. According to a Soviet economist, M. Osadko, writing in the magazine *Problems of Economics*, the country's collective farmers in 1956 earned only about 1,300 rubles annually, or a little more than 100 rubles a month (about \$10). The average Soviet nonfarm worker earns about 700 to 800 rubles a month.

Storms Change 1959 Latin American Trade

Storms and floods in recent months in some of Latin America's important agricultural areas have lowered supplies for export and increased import needs for crops and livestock.

Uruguay suffered the most widespread damage. Its 1958-59 wheat crop of 525,000 metric tons is the smallest since 1952. It may be enough to fill home needs, but exports will be out of the question. More than half of Uruguay's sunflower and most of its peanut crop was also destroyed, and damage to the rice and corn crops reached about a third. Oats planted for fall pasture were almost completely lost and much of the fall potato crop will not be harvested.

Livestock, too, suffered severely. About 24,000 head of cattle and a quarter of a million sheep were destroyed by floods. These losses, combined with losses of pasture and forage crops, will seriously affect Uruguay's meat and wool industries. Wool is the country's leading export product.

In Chile, wheat output was cut about 15 percent, and export needs may exceed 100,000 tons. Last year's imports were less than half that amount. Chile's grape crop also suffered a 15-percent loss, which will materially lower foreign sales of wine and table grapes. Damage to the sunflower crop will probably result in expanded edible oil imports. Other Chilean crops affected were rice (seriously) and some corn and domestic-type beans.

Storms also ravaged some of Argentina's most important crop areas. Cotton production—usually sufficient to supply domestic needs and provide a small amount for export—is down to about 75 percent of home needs. The sunflower crop—the principal source of edible oil—was cut in half. In addition, the 1959 corn crop is down about a fifth from last year and tobacco losses are heavy. Other crops known to have been damaged are lentils, rice, and citrus fruit.

Floods wreaked most of the havoc in southern Brazil. About 15 percent of the rice in the State of Rio Grande do Sul was destroyed. And sheep losses ranged from 1.5 million to 2 million.



C.E. Sidler, European Director, IAPI, points out merits of serving turkey in restaurants to hotel manager in Holland.



West German audience at cooking demonstration, Frankfurt, watches U.S. poultry representative carve a roasted turkey.

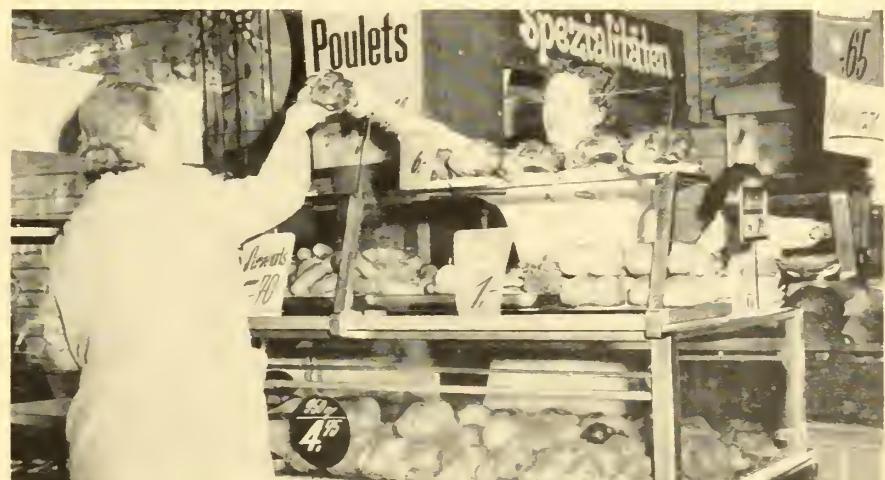
Netherlands, and Switzerland (also some to the Caribbean countries and Asia), so that it is very possible that turkey sales abroad will establish new high levels within a few years.

As for the total volume of fresh and frozen poultry meat shipments, including turkeys, a record will probably be set this year. Our foreign sales have soared from 25 million pounds valued at \$10.5 million in 1955 to 48.5 million pounds with a value of \$16 million in 1958. And in the early months of this year total sales were at least double those of the comparable period in 1955.

By far the most popular of all U.S. poultry exports are ready-to-cook broilers. Exports of chicken and capon meat (principally broilers) in 1958 were running around 37 million pounds a year as compared to 11 million pounds 4 years ago. Sales for 1959 should be more than twice what they were in 1958, and even higher in the next few years.

Canned Poultry, Baby Chicks

Canned poultry often serves as a way of introducing U.S. poultry products into markets which still lack adequate refrigeration. It also goes to such markets as the United Kingdom, where quarantine regulations against Newcastle disease prevent importation



Housewife buys frozen U.S. broiler in Swiss shop. U.S. poultry sales to Switzerland totaled 12 million pounds last year compared with a half million in 1955.

of U.S. frozen poultry. Exports have been relatively steady at between 2 million and 3 million pounds annually, but moderate increases can be expected in the next 2 to 3 years.

U.S. exports of baby chicks have declined since 1956, mainly because of reduced takings by Venezuela, Mexico, and Cuba—our principal markets—as a result of increased domestic production in these countries. A sharp increase of baby chick imports into Canada made that country our No. 1 market in 1958. Also, in Europe there has been increased buying of U.S. chicks, paralleling the sharp rise in U.S. poultry imports:

	Poultry meat ¹ 1,000 pounds	Baby chicks Thousands
1955	1,408	20
1956	8,303	21
1957	13,302	50
1958	23,210	104

¹ Fresh, frozen, and canned.

Eggs and Egg Products

In quantity, U.S. exports have declined each year since 1955. In that year we sold 50 million dozen eggs; in 1958, 29 million. Much of this decrease was accounted for by reductions in egg shipments to Venezuela, Mexico, Cuba, and Canada, top U.S. markets. Reasons were these governments' aid to larger output, plus the highly

competitive position of Canadian, Danish, Dutch, and Polish eggs.

In value, U.S. fresh egg exports have shown an upturn—from \$14 million in 1957 to \$15 million in 1958. This reflects the greater demand abroad for U.S. hatching eggs, for the breeding both of egg-producing and meat-type birds. So while prospects point to a further decline in the quantity of U.S. table egg shipments in the next 2 to 3 years, a desire to emulate U.S. production standards in poultry meat and egg production is expected to result in bigger returns for our hatching eggs.

U.S. exports of dried and frozen eggs have declined steadily since 1956 (Canada, Mexico, Europe, and the Caribbean have been the principal market areas). There is a possibility that U.S. egg products may be competitive this year. Preliminary reports indicate some uncertainty with regard to supplies from Mainland China, the major source. Furthermore, the U.S. Department of Agriculture and the Institute of American Poultry Industries are co-operating in Europe on a survey to evaluate the competitive supply and price situation. Preliminary results show market possibilities at least for processed egg albumen.

Depressed World Prices

(Continued from page 3)

uncertainty as to whether or not all exporting signatories of the International Sugar Agreement will continue to live up to the terms of the Agreement with regard to exports may be another price-depressing factor.

Several other commodities, notably *rubber* and some *vegetable oils* and *oil products*, also weakened in 1958, but reduced production together with increased demand has brought about some recovery.

Prices for both *bread and feed grains* have remained relatively steady, despite the increased production in 1958 and the piling-up of stocks in some exporting countries. In wheat-importing countries, government policies and price support programs have been designed to encourage greater self-sufficiency, thus maintaining prices; while in wheat-exporting countries stable prices have been maintained by price supports to assure producer income.

The marked increase in world *rice*

production in 1958-59 was accompanied by some hesitancy in the export trade in January and February 1959 partly because of the uncertainty as to the volume of exports from Communist China. Some early sales were made by major rice-exporting countries at prices below those of a year earlier, but as the season has progressed the export outlook has improved and prices apparently have stabilized.

Situation Serious

These price declines have caused serious concern in countries that are large exporters of agricultural materials. The situation is particularly serious in those which depend largely on a single export crop, such as Sudan with its cotton, or in countries growing several export crops, like the Latin American countries whose economies are based mainly on coffee, cotton, and sugar. In most instances, these countries did not take steps to adjust immediately to declining export receipts. The strong desire to continue economic development programs plus some inflation made them reluctant to do this; consequently, their foreign exchange reserves were drawn down to support heavy importing. Besides, they borrowed heavily from the United States, other industrialized countries, and such international institutions as the World Bank.

Finally, as prices continued to fall and reserves were near depletion, it became imperative to make some adjustments in the economy. The countries badly hit curbed imports, especially consumer goods, and some even slowed down their economic development programs. Chile, Peru, Argentina, and Turkey, in cooperation with international institutions, undertook far-reaching stabilization programs, which have had the effect of lessening inflationary pressures and of either stabilizing or slightly increasing foreign exchange reserves.

To ease the effect of price declines upon the agricultural producers, certain governments have reduced export taxes, and either subsidized exports or given direct financial assistance to farmers. Even so, many growers are concerned over their financial position, particularly those heavily in debt. Others fear they will not be able to

obtain the necessary credit for production in 1959-60.

Acreage Adjustments

With rising costs and declining prices, farmers in a number of countries appear to be planning sizable acreage reductions in 1959, especially in cotton and other cash crops. Yet in a few areas where cash outlays are low there are indications that farmers may expand output in an effort to maintain income. Also, a few governments that are having trouble disposing of exportable products are encouraging farmers to shift production wherever possible to crops normally imported in order to reduce foreign exchange needs.

The net effect of these adjustments to meet the decline in agricultural prices may result in some reduction in output of export crops and a stepping-up of food crop production, with a consequent decline in certain food imports. This is already happening to a limited extent. Some recovery in prices for a few commodities has occurred, and other price advances are likely as these adjustments accelerate. Nevertheless, world trade in agricultural products should remain high, particularly if industrial activity in major importing countries continues to expand.

Free Trade Treaty Is Now In Effect in Central America

The common market for Central America moved one step further toward reality in June. This happened when Guatemala deposited its ratification of the five-nation free trade treaty signed at Tegucigalpa a year ago. Nicaragua and El Salvador had already done this; so the pact comes into effect, for these three countries. Honduras and Costa Rica may ratify later.

Associated with the treaty but not yet in effect is the agreement for Central American economic integration, also signed at Tegucigalpa.

The free trade treaty covers only about 200 products out of the tariff schedules of the five countries, but provides procedures for increasing this number. It binds the countries to work toward a customs union by removing tariffs and other import restrictions on products moving in trade among them.

Bulgarian Government Calls For A Speedup in Farm Production

Agriculture is of central importance in this Communist country's push toward more rapid completion of its current Five Year Plan.

By Pauline McD. Michael
European Analysis Branch
Foreign Agricultural Service

IN THE SPRING of this year, Bulgaria's Communist Party announced new higher targets for the country's agricultural effort under the current Five Year Plan.

Agriculture originally was to have increased the volume of its production by 35 percent during the 1958-62 period; it now is expected to double output by 1962 and triple it by 1965.

Any increase under this intended—if unrealistic—speedup should help Bulgaria move toward its goal of greater trade. Exporting principally agricultural products, it has been assigned an important role as a supplier of some kinds of these products to the Socialist countries. There are signs too that it would like to expand its trade with the West.

Also, Bulgaria, where the collectivization program is already well advanced, has an ambition to spearhead Eastern Europe's drive toward full socialism. The completion of the Five Year Plan within 3 or 4 years is to be the means of winning that battle. Agriculture, according to Todor Zhivkov, first secretary of Bulgaria's Communist Party, offers the greatest potential resources for the success of the accelerated Plan, though the industrial targets too have been moved forward.

Trade Plans

Bulgaria was assigned to its task as supplier of farm products to the Soviet Bloc by CEMA (the Council for Economic Mutual Assistance), the organization which has outlined the overall

Communist plan for efficient utilization of all the Bloc's resources.¹

About 85 percent of Bulgaria's trade is with the Socialist countries, and of this the largest share is with the Soviet Union. The 1959 trade agreement with the Soviet Union calls for a 20-percent increase over 1958, and agricultural products (tobacco, fruits, and vegetables) will make up over 40 percent of Bulgaria's exports under this agreement.

Bulgaria also trades with many of the Western countries. Its imports are mainly machinery and equipment essential to the development of its industry; its exports, again, are principally agricultural products. To obtain more of the Western goods it needs, while at the same time meeting its obligations to the Soviet Bloc, Bulgaria will have to expand agricultural production as rapidly as possible.

Reorganization of the Collectives

Bulgaria began last fall to consolidate its "Labor Cooperative Agricultural Farms," or collectives. The government considered this consolidation basic to the fullest use of farm machinery, of the land, of modern production techniques, and of labor reserves.

At the end of 1957 there were about 3,200 collectives; these, with the private plots of the members excluded, encompassed about three-fourths of the crop and meadow land and 83 percent of the farm households. The average size was a little over 2,500 acres per collective. By the end of 1958 these collectives, which reportedly had in-

creased in number and area earlier in the year, had been amalgamated into something between 625 and 640 units. The average size had increased more than 5 times.

Amalgamation is a further step toward the gradual nationalization of the land and thus toward the achievement of complete socialism. Also, in a move toward equalizing the status of farmers and industrial workers, it has been recommended that members of the collectives be paid a guaranteed monthly or annual cash wage, similar to that paid to workers in industry. At present, payment to members is largely in kind, according to the input of "work days," the value of which is calculated by the individual collective. In addition, those who contributed land to the collective are paid rent.

Administrative Changes

As in the Soviet Union, the development of the economy and the achievement of complete socialism are to be hastened by the creation of new territorial units with administrative-economic functions. All former provinces (okrugs) and counties (okoliyas) were abolished in January 1959. The country now is divided into 30 new provinces (3 are city okrugs), with the towns or villages (opstinas) serving as the basic administrative centers of the province. All unessential intermediary links have been removed. People's Councils have been organized in the new provinces with the responsibility of management control over all productive economic activities. These include the collectives, the state farms (which are subordinate also to the Ministry of Agriculture), and the industrial enterprises. The council must prepare the entire economic plan of the collectives within a given province and coordinate their activities with those in other provinces.

Aids to Production

The ambitious production goals set by the government will require the use of all possible means of increase. Arable area is to be enlarged; to this end, irrigation and reclamation programs are to be expanded. The original plan called for the irrigation of 1.48 million acres by 1962. This is

¹ See *Foreign Agriculture*, February 1959, "Economic Coordination in Eastern Europe."

now considered too small. With increased labor and state assistance, 2.5 million acres are to be irrigated by 1962 and 4.9 million—about two-fifths of the present area of crop and meadow land—by 1965. In 1957, facilities existed for the irrigation of approximately 1.06 million acres but only about 61 percent of this potential was actually irrigated. From a reported 1.24 million reclaimable acres of barren and unused hilly and swampy land, about 490,000 acres should be reclaimed for agriculture by 1962. Plans call for diverting more workers to these projects. During the slack seasons of winter and early spring, the rural population will be directed toward land improvement.

Increased use of fertilizers and tractors also is to contribute toward attainment of targets. If as much fertilizer material can be produced as the revised plan envisages, availability will reach 1 million metric tons by 1962 instead of the originally planned 890,000 tons. This would be equivalent to over 178 pounds per acre (nutrient content) on the present area of crop land. In 1957, consumption was 48.2 pounds per acre.

According to the plan, agriculture will receive 14,000 additional tractors (15-hp. units), which will bring the total number in use by 1962 to about 40,200. This would equal 1 unit per 208 acres of the present area of crop and meadow land, as against 1 unit per 452 acres in 1957.

There are over 200 machine-tractor stations (MTS), which own about 90 percent of the tractors (state farms and collectives own about 10 percent). As in the Soviet Union, the MTS are approaching liquidation. Since the consolidation of the collectives, use of the MTS to service them is, in general, felt to be no longer necessary. Most of the collectives now are considered better organized to handle and care for their own mechanized equipment, so it is practical and efficient for the MTS to sell the equipment directly to them. Where the collectives are not yet strong enough, the MTS will continue to service them; however, by the end of the plan (1962), it is anticipated that all collectives can take over the entire farm machinery equipment now handled by the MTS.

In the meantime, until they are dissolved, the MTS will be paid in cash. Until May 1 of this year they were paid in kind, with fees based on the fertility of the soil and the grain delivery quota of the farm serviced. The sale of the farm machinery to the collectives will establish complete production units, with machinery and labor under unified management. Also, transportation on the farm, which at present utilizes a large number of draft animals, will be facilitated by tractor trailers. Thus the acreage now used to grow feed for draft animals can be diverted to other farm use.

Purchase by Contract

On May 1, 1959, all compulsory deliveries for agricultural products were abolished. Collection of all crops has been unified under the contract system, which in January 1957 had

begun to replace the compulsory delivery system. Purchases will be made by state purchasing agencies at fixed prices through direct contracts with the producers. The executive committee of the provincial People's Councils fixes the amount to be purchased from the collectives, basing it on the state plan and taking into consideration the type of production as well as the potentialities of the collective. State farms will deliver their agricultural produce to the state according to their production and finance plans.

Thus, in actuality, despite the abolition of compulsory deliveries, the Bulgarian farmer has not been relieved of very real compulsion in supplying food for the population as well as raw materials for industry. In the long run, it is upon this farmer himself that the fulfillment of the whole agricultural program depends.

Egypt's Agriculture

(Continued from page 5)

the farmer is living somewhat better than he was 6 or 7 years ago, since in that time his income has increased from £23 to £30. (An Egyptian pound equals about \$2.87.) Whether his diet has improved is a question. Though the national per capita diet has been raised, much of this has taken place in the cities. As for his other basic needs, he still lives in a mud house with a dirt floor, his clothing is replaced one garment a year, and his health is at the same low level.

Yet the machinery for change exists. Rural government services are improving. Newly formed cooperatives provide credit, farm supplies, and extension education. Combined centers make possible enlarged school and

health facilities. And many fellahs are now acquiring ownership of land through agrarian reform, although in most instances this amounts to only 2 to 5 feddans.

Such are the improvements on the rural scene in Egypt, and the chances are that these improvements will continue. Programs in improved livestock and poultry, artificial insemination, insecticide and fertilizers, new seeds, improved land management, and better cultural practices are under way. Combined, these steps will help to lift the farmer above present levels. They are still in the "time-lag" period but should gain momentum as time goes on. Still, the basic problem of too many people on too little land will continue to make progress an uphill struggle in Egypt.

EGYPT'S ARABLE AND CROPPED LAND AND POPULATION PER ACRE

Year	Area		Population		
	Arable	Cropped	Total	Per arable acre	Per cropped acre
	1,000 acres	1,000 acres	Thousands	Number	Number
1896-97	5,131	(¹)	9,715	1.9	(²)
1936-37	5,481	8,594	15,933	2.9	1.8
1951-52	5,811	9,622	21,174	3.6	2.2
1952-53	5,856	9,651	21,473	3.7	2.2
1953-54	5,885	9,724	22,003	3.7	2.3
1954-55	5,911	10,261	22,509	3.8	2.2
1955-56	5,913	10,319	23,014	3.9	2.2
1956-57	6,005	10,304	23,520	3.9	2.3
1957-58	(²)	10,437	24,026	(²)	2.3

¹ Includes double and triple cropping of the arable acreage.

² Not available.



Photos courtesy National Publicity Studio, Wellington

New Zealand's rolling hills, mild weather, and well-spaced rains are ideal for grassland farming, and agricultural products are its economic mainstay.

New Zealand Seeks New Buyers For Its Agricultural Products

NEW ZEALAND'S farmers can grow grass and convert it to livestock at less cost than any other farmers in the world. A favorable climate and top managerial efficiency have made farming the country's main resource. Agricultural exports, especially of livestock products, provide 95 percent of its foreign earnings.

But New Zealand now needs new markets for these exports. In the past 2 years, lower world wool and dairy prices have decreased its overseas earnings. And the principal market for New Zealand's farm products, the United Kingdom, has raised its own agricultural production and limited its imports of these goods.

To New Zealand, any reduction in export earnings is a serious problem. It means difficulty in financing imports, not only of finished industrial and consumer goods, but also of the raw and semifinished goods needed to

keep the country's full employment policy going.

The country has tried several ways to offset the impact of these reduced earnings. Of most interest from the long-range point of view is its search for new markets.

The country has no intention of abandoning its place in the traditional U.K. market; but New Zealanders recognize that the United Kingdom's present policy of agricultural protection is not likely to be reversed. This probably means that for New Zealand, the United Kingdom is now to be a sustaining market rather than an expanding one. Yet expanding markets are what New Zealand needs, for it must finance the imports required by its rising standard of living and its increasing population.

In this search for markets, both the Department of Industries and Commerce and the various quasi-governmental commissions and boards are active. The recent expansion of New Zealand's overseas Trade Commission Service reflects the importance the

government attaches to finding markets for New Zealand's farm products. And the New Zealand Dairy Commission, sole controller of overseas sales of dairy products, has sent its export manager and other officials to all the Americas, including the West Indies.

Meat exports are promoted by the New Zealand Meat Producers' Board, though its control is much more nominal than that maintained over dairy products. This board is concerned largely with grading, the prices that freezer works pay farmers for their livestock, the allocation of shipping space, and similar matters, in addition to general trade promotion.

Exports of apples and pears are handled by the New Zealand Apple and Pear Marketing Board, which last year exported more than £3 million (\$8.4 million) of apples. In addition to setting a guaranteed price to growers, this board buys for the retailers all fruit except that sold direct to factories, builds, buys, or leases cold-storage facilities; arranges the shipping programs; and carries on long-range tests to improve packaging and shipping.

New Zealand believes it can compete in overseas markets with most of its products on a free-trade basis. Thus it feels great concern when its entrance to oversea markets is denied or limited as a result of local subsidies accompanied by import restrictions. It feels concern too over any possibility of "dumping" by other countries.

Based on material supplied by Daniel E. Brady, Agricultural Attaché, Wellington, N.Z.



At Hawkes Bay works, graded lamb carcasses get final check. Frozen lamb exports are gaining in importance.



Climate favors apples and pears, and sizable quantities are exported. This pretty farmer is picking Golden Delicious.



Curd blocks being turned and drained in New Zealand plant. Cheese is one of country's principal export products.

Despite these problems, New Zealand has made substantial progress in developing overseas markets. There has been a marked change from the days of bulk purchases between the end of World War II and 1954. Newest big market is the United States (including Hawaii), where New Zealand shipped over 86,000 tons of meat last year alone. The sale of manufacturing beef to the United States came at a time when U.S. prices were high; it provided a real opportunity for New Zealand to cull its herds and put its beef growing on a more expansive basis. Meat moved to the No. 1 position as earner of foreign exchange, with wool and dairy products in second and third place as prices remained lower.

Last year New Zealand sold 1,100 live cattle to a California feeder. Whether this business will continue depends on factors such as prices, shipping facilities, cost, and the availability of cattle. Smaller numbers of cattle went to markets such as Tahiti and Fiji, and shipments of several thousand head are now under way to buyers in the Philippine Republic.

New Zealand has found the West Indies a good market for variety meats, cured pork, and lean beef. An unusual item in this trade is goat carcasses, byproduct of New Zealand's use of semiwild goats to clean up undergrowth and brambles. This relatively low-grade product is popular in Jamaica, Trinidad, the Bahamas, and Bermuda. Caribbean markets together, including the West Indies, are taking a greater weight of dairy products from New Zealand than it sends to any single market outside the United Kingdom and the United States. During the past year, the Dairy Commission entered the Peruvian market also; and the recent establishment of a direct shipping service between New Zealand and ports on the west coast of South America will help build up business with countries there.

New Zealand is looking for markets in many other places, including Japan. Last year Japan took some 2,000 tons of casein (which it used for various plastics, glues, chemicals, insecticides, and paints), and sizable amounts of milk powder, hides and skins, and tallow. It is expected that trade will

be further stepped up as a result of the trade agreement recently signed. Recently, too, New Zealand signed a trade agreement with the Federal Republic of Germany, which granted it for 2 years the right to tender for specific annual quotas for meat, dairy products, fruits and vegetables, and grass seeds.

A great deal of the credit for the development of overseas markets must go to the shipping lines, which pick up on arranged schedules from some 11 New Zealand ports and deliver to nearly 40 ports overseas. Passenger ships like the 28,000-ton *Oronsay* and the two Matson liners with their expanded freezer capacity are now carrying farm products. High-speed ships, plus more efficient loading, like the automatic all-weather system soon to be put into operation at Bluff, will markedly reduce loading time and hence turn-about time.

New Zealand's unusually long shipping season requires careful scheduling of its shipping and storage facilities. Butter from the spring flush accumulates for the last 4 months of the year. While ships are moving it out, wool shearing comes on. The wool sales start in October, and the big 340-pound bales move out as general cargo. In the meantime, lamb slaughter, which gets under way in the North Island in November, has by December reached full speed; the slaughter peak then moves to the South Island, where February and March are the biggest months. In early February the apple season starts; packing sheds are in full swing by March, peaking in April, and closing the season in June.

During the whole period, priorities are set and shipping staggered with preference given to fresh produce, principally dairy produce and apples; frozen meat shipments are generally not completed until nearly September, when the shipping cycle starts over.

New Zealand's products have long been known in many lands. Today, New Zealand's businessmen, trade representatives, and government officials are seeking markets in new lands; tomorrow, still more agricultural produce from bountiful New Zealand will doubtless follow them.

Foreign PRODUCTION NEWS

Under its Agrarian Reform Program, **Cuba** has established a commission to create *farm units* large enough for mechanization, which will provide the basis for production and consumption co-operatives in each territorial unit. Agricultural diversification will be an objective and large-scale irrigation is being planned.

Mexico has harvested a near-record 1959 *wheat* crop, estimated at almost 50 million bushels. With March carryover stocks of about 14 million bushels and domestic needs totaling about 55 million, Mexico should be able to meet home needs and still have carryover stocks of about 9 million bushels at the end of March 1960.

Costa Rica has increased its African *oil palm* plantings by 20 percent over 1958 acreage. All of Costa Rica's palm oil is used domestically to make edible oil, margarine, shortening, and soap. Expanded production at home will probably raise import duties on edible fats and oils to protect the domestic industry.

Cuba's Agricultural and Industrial Bank reportedly will finance planting of about 10,000 acres of *soybeans* during 1959. Except for peanuts, these will be the first oilseeds produced commercially in Cuba. They will be processed at the new vegetable oil extraction plant in Havana, which is currently crushing about 150 tons of soybeans daily—all imported from the United States.

Australia is seeding its largest *wheat* acreage since 1949—about 2 million acres more than in 1958. Favorable growing conditions and low wool prices during the past year have caused many farmers to turn to production of wheat for additional income.

Canada Establishes New Export Finance Corporation

The Canadian Government has approved a bill to incorporate the Export Finance Corporation of Canada, Ltd., a private organization whose goal is to finance the exchange of commodities between Canada and other nations. It will also facilitate the overseas trade of Canada by extending credit for the export of various agricultural and manufactured products.

While help may be available for a wide range of products, it may aid particularly the export of commodities to areas other than the United States and Western Europe. Some assistance, for example, might be expected for exports of dairy and purebred cattle, of which Canada shipped \$1 million in 1958 to Latin America and the West Indies. However, if the Finance Corporation develops into an aggressive organization, it is possible that later on it may broaden its activities into the financing of other agricultural exports.

In supporting the bill, Members of the Parliament pointed out that under present circumstances Canada is at a disadvantage in a highly competitive export market, since many of its products have to be sold for cash. Often sales are limited to the amount of exchange available or to the credit offered by foreign lending agencies.

Mexico's production of *oilseeds* and *oilbearing materials* in 1959 is expected to be down about 20 percent from 1958 because of a sharp decline in cottonseed output. Carryover stocks plus expected production probably will supply home needs for the first half of this year. The deficit for the last half of 1959 is expected to be about 43,000 tons—a fourth less than total imports in 1958.

The Union of South Africa lost part of its 1958-59 *bean* crop because of unfavorable weather both at harvest and during the growing season. South Africa normally produces nearly 900,000 bags of beans annually—about 25 to 50 percent are exported.



Red China To Export Grains To United Arab Republic

The United Arab Republic and Communist China have signed a trade and payments agreement, under which the two countries will trade commodities amounting in value to at least \$42 million during the first year of a three-year period beginning retroactive to September 1958. Rice, wheat, millet, and corn in unspecified amounts were included in the long list of products to be shipped by Communist China to the UAR.

New U.S. Regulations Check Cured Meat Imports

The U.S. Department of Agriculture has tightened restrictions on imports of cured beef from countries where foot-and-mouth disease is present. Under the extended regulations all cured meats that are not canned must be fully cured prior to entry into the United States.

Boneless lightly cured beef shipments will be most seriously affected by the action. Last year the United States imported about 112 million pounds of boneless cured beef valued at roughly \$32 million. Argentina shipped between 95 million and 100 million pounds, Paraguay, 5 million, and Brazil, 2 million.

U.S. Soybeans Benefit From Expanding Markets Abroad

U.S. soybean shipments to Italy and Hong Kong have soared in recent months. Italy has become an extremely good market, taking 925,000 bushels of U.S. soybeans during the period from October 1958 to May 1959, compared with a little less than 34,000 bushels in the entire 1957-58 marketing year. During the same periods, Hong Kong's imports rose from less than 29,000 bushels to 113,000.

Italy Removes Embargo On Beef and Veal Imports

The Italian Government has discontinued the embargo on imported beef and veal that went into effect on April 1 of this year. Beef and veal prices on the Italian market are now above the floor prices established under the embargo.

Denmark, a leading exporter of beef and veal to Italy, has agreed to regulate its shipments so there will be no need to reimpose the ban. The Danish Ministry of Agriculture will allocate individual quotas for exporting firms on the basis of their sales to Italy in 1957 and 1958.

Tobacco Included in Pact Between Czechs, Red Chinese

Czechoslovakia and Communist China signed an agreement in March to increase trade between the two countries by 12 percent this year. Under the pact, China will export tobacco to Czechoslovakia in exchange for industrial items.

New Zealand-West Germany Sign New Trade Agreement

New Zealand and West Germany have signed a new 2-year trade pact, which, if quotas are met, will increase substantially the value of New Zealand's exports to West Germany. For the first year of the agreement quotas were increased on beef, lamb, mutton, canned meat, dehydrated milk, apples, pears, and canned and frozen vegetables. No German export quotas to New Zealand were listed because New Zealand grants global rather than bilateral quotas.

It was agreed that consultations on revision of quotas may be proposed by either country, especially if German-New Zealand trade is disturbed by European economic integration.

Morocco and West Germany Sign First Bilateral Pact

Morocco and West Germany recently signed their first two-way trade agreement—previously they participated in a three-way pact with France as the third partner. The new agreement, retroactive to January and valid to the end of the year, provides for Moroccan feed grains and rough rice to go to Germany. In return, Morocco will import West German hops.

India's Tobacco Exports May Decline This Year

India may find it difficult to sell its tobacco crop this year, both at home and abroad. Quality as well as volume was lowered by a long period of damp cloudy weather during the growing season in the major producing area.

India is the third largest producer of flue-cured tobacco in the Free World, following the United States and the Federation of Rhodesia. In 1958, it harvested 110 million pounds and its exports totaled 88 million. The 1959 crop is expected to be down about 10 million pounds.

West Germany May Need More U.S. Pork and Lard

West German imports of U. S. lard and pork variety meats are expected to rise significantly during the remainder of this year and continue high in 1960. West Germany's hog industry is coming into the down swing of its production cycle. Hog numbers in March 1959 were 5 percent below a year earlier.

Finland and Russia Increasing Trade

A new trade agreement between Russia and Finland increases Finland's import quota for Russian grains by 50,000 metric tons to a total of 385,000 tons. The distribution will be: Wheat, 235,000 tons; rye, 100,000; corn, 30,000; and oats, 20,000.

Under the agreement, Finland's purchases from the USSR will total about 550 million rubles in 1959—10 to 15 percent above the 1958 level—and besides the grains, will consist mainly of

industrial products. Russia's quotas—about the same as last year's 560 million rubles—are largely for Finnish industrial equipment and timber and timber products. The difference in value will balance trade accounts between the two countries.

In another transaction, Finland will exchange 6,000 metric tons of butter for about 68,000 tons of Russian wheat during the 6 months ending this June, as part of a butter-for-wheat agreement signed a year ago. Under this agreement the two countries traded slightly over 6,000 tons of butter for about 50,000 tons of wheat in the last 6 months of 1958. Finland is receiving a larger amount of wheat during the current 6-month period because of expected higher world butter prices.

Finland made the butter-for-wheat agreement with Russia primarily because of restrictions against butter sales in the British market, which were lifted in December 1958.

Australian Blending Rules May Lower Tobacco Imports

Beginning this month, Australian manufacturers of cigarettes and smoking tobacco will be required to use larger percentages of domestic leaf to be eligible for reduced duties on imported leaf.

The government authorizes a reduction equal to 17 U.S. cents a pound in import duties if manufacturers use a specified minimum percentage of domestic tobacco. Under the new regulations manufacturers will have to use at least 22 percent Australian leaf in cigarettes and 22.5 percent in smoking tobaccos. Last year the percentages were 15.5 for cigarettes and 16.5 for smoking tobacco.

Peru Ups Ad Valorem Duties on Food Imports

Peru has raised the ad valorem duty rates on over 50 imported food items. The increases range from 63.8 to 127.7 percent over the previous schedule.

Items for which the ad valorem duty was upped from 15.7 to 35.7 percent include breakfast cereals, biscuits, preserved and candied fruits, food flavors, sauces and salad dressings, ice

cream mixes, some confectionery products, and fruit juices. The duty on some other items was raised from 25.7 to 45.7 percent, from 15.7 on still others to 25.7 percent.

None of these products are currently included among items for which Peru has made concessions under the General Agreement on Tariffs and Trade.

Nicaragua Raises Duties On Many Farm Products

Nicaragua recently enacted a law increasing import duties on a long list of agricultural commodities. The new law also grants a subsidy to the cotton growers to compensate for the decline in cotton prices.

Some of the agricultural items affected are meats of all kinds, cheese, dried fruits, unmanufactured tobacco, and vegetable and animal fats and oils. These are in addition to the 70 groups on which duties were raised in February of this year.

Western Europe May Need More Fats and Oils Imports

Western Europe is expected to import about 15 percent more fats, oils, and oilseeds this year than in 1958. The bulk of the increase will probably be in oilseeds and vegetable oils, although purchases of animal fats are expected to be up also. Imports of copra and coconut oil, which declined in 1958, are expected to be down even further this year.

Available supplies of fats and oils from European production are expected to drop about 6 percent this year. These smaller supplies will be partly offset by expanded carryover of olive oil from the 1957-58 crops of Southern European countries.

Yugoslavia Buys More Soybeans From Red China

Yugoslavia has contracted for 21,000 metric tons of soybeans from Communist China to be delivered between April and June of this year. In the last 2 years, Yugoslavia has bought nearly all of its soybeans from Red China; the current 2-month contract, however, is double what the country has been buying each year.

Papua, New Guinea Grow More Cacao for Australia

Papua and New Guinea are rapidly building a cacao industry designed to fill Australia's total cacao needs—presently estimated at about 12,000 long tons annually. Exports during the 1958-59 year are expected to reach only about 3,800 tons, but by 1963, production from trees now planted is expected to be up to the 12,000-ton level.

In 1952, the Territory Administration passed the Cacao Ordinance, which insured proper precautions against disease and eliminated uncontrolled planting. Under this Ordinance, only registered growers may plant cacao and the minimum planted area must contain 500 trees. Every planting in the Territory can be pinpointed so that control measures can be quickly implemented in the event of an outbreak of disease. Swollen shoot and witches broom—two disastrous cacao diseases—are not now present.

Japan Plans Increased Cotton Imports This Year

Japan recently announced that foreign exchange would be allocated for importing nearly 2.2 million bales (500 pounds gross) of cotton this fiscal year (April 1959-March 1960). This is 22 percent more than imports planned for last year and 35 percent above actual purchases. This year's planned import expansion is based on predicted improvement in Japan's cotton textile situation.

Red China's Trade Drive (Continued from page 8)

future. If Communist China maintains its present production goals, if it can continue the political and economic regimentation now in force, and if it has sufficient time, it could achieve production levels thought unattainable only a few years ago. In such circumstances, Communist China could become an even more important competitor on world cotton textile markets, and—if the Communists so chose—on raw-cotton markets as well.

For further information, see *Communist China's Cotton Textile Exports*, FAS-M-52, April 1959, Foreign Agricultural Service.

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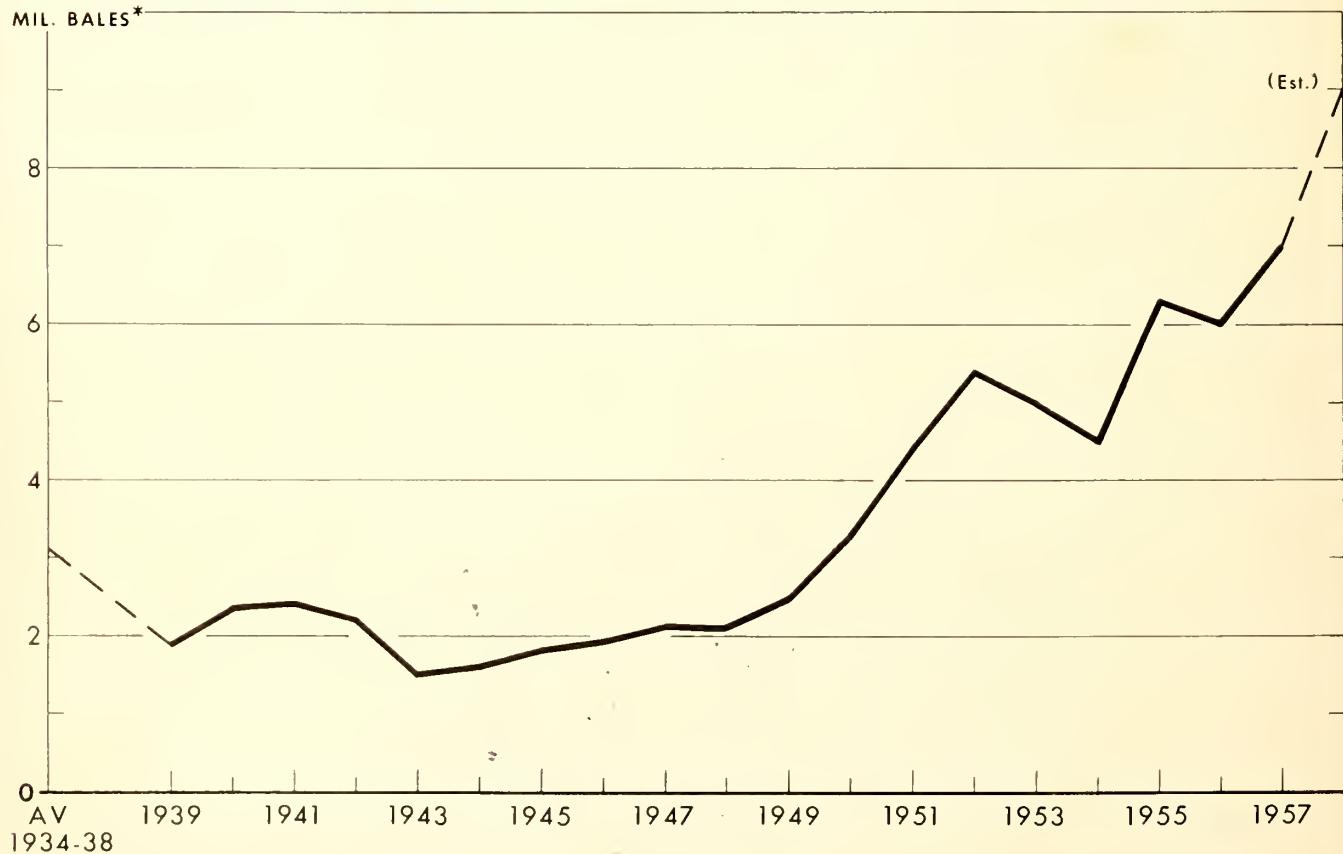
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Cotton Production in Mainland China, Prewar and 1939-58



* 478-POUND, 1934-36, 480-POUND THEREAFTER